United Nations DP/FPA/2018/8

# Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
12 June 2018

Original: English

**Second regular session 2018**
4 to 7 September 2018, New York
Item 7 of the provisional agenda
**UNFPA – Financial, budgetary and administrative matters**

## United Nations Population Fund

*Summary*

The proposed UNFPA integrated budget, 2018-2021 revision responds to the Executive Board decision 2017/24 to revise the approved integrated budget based on the results of the comprehensive resources review, in order to increase efficiency and improve the balance between the institutional budget and programmes, in light of the overall decrease in expected resources.

The integrated budget presents the resources that will contribute to achievement of the UNFPA integrated results and resources framework. The revised integrated budget should be considered in conjunction with the UNFPA Strategic Plan, 2018-2021 (DP/FPA/2017/9) and its annexes.

Income projections have been revised based on the latest analysis of income, now including actual 2017 contributions. For 2018-2021, *UNFPA now proposes a slight increase of $100 million in other resources*, compared to the original estimates. This maintains a conservative total contribution estimate of $3,500 million, compared to $3,400 million in the approved integrated budget, 2018-2021, an increase of 2.9 per cent.

The revised proposal improves the balance between the institutional budget and programmes. For 2018-2021, *UNFPA now proposes to allocate 84.9 per cent of total available resources to development activities*, compared to 84.2 per cent in the approved budget. UNFPA estimates that $3,068.1 million will be available for programmes in 2018-2021, compared to $2,878.0 million in the approved budget. This represents an increase of $190.1 million, or 6.6 per cent. Resources available for programmes will increase from 80.2 per cent in the approved budget to 81.4 per cent in the revised proposal.

The institutional budget component of the revised integrated budget, presented for the Executive Board appropriation, is proposed at $701.1 million, a decrease of $7.3 million. As a relative share of the total use of resources, *the institutional budget will decrease from 19.8 per cent to 18.6 per cent*.

UNFPA will present the integrated budget proposal to the Advisory Committee on Administrative and Budgetary Questions (ACABQ), whose report will appear in document DP/FPA/2018/9.

18-13447X (E) 150818

Please recycle

***Contents***


I. The integrated budget: strategic and financial context 3

A. Strategic context 3

B. Financial context 3

II. Revised integrated budget, 2018-2021 5

A. Integrated resource plan 5

B. Integrated budget components 7

1. Programmes 7

a) Country programmes 8

b) Global and regional interventions 9

c) UNFPA emergency fund and humanitarian response reserve 9

2. Institutional budget 9

C. Integrated results and resources framework 10

D. Summary of increases and decreases in the institutional budget 13

a) Rebalancing the institutional budget – proposed decreases 14

b) Investments in the organization – proposed increases 15

c) Summary of post changes 16

E. Cost recovery 17

III. Elements of a decision 17


## Tables


Table 1. Integrated resource plan, 2018-2021 – revised....6

Table 2. Programme resources, by component, 2018-2021 – revised....7

Table 3. Modes of engagement, by setting....8

Table 4. Institutional budget, 2018-2021 – revised....10

Table 5. Integrated results and resources framework, 2018-2021 (indicative) – revised....11

Table 6. Resource allocation, by quadrant....13

Table 7. Summary of changes, revised institutional budget, 2018-2021....14

Table 8. Summary of post changes, revised institutional budget, 2018-2021....16


## Figures


Figure 1. Contributions, by funding category, 2010-2021....4

Figure 2. Allocation of available resources, 2018-2021 – revised....7

Figure 3. Indicative allocations, by outcomes and outputs, 2018-2021 – revised....12


## Annexes

(Annexes to this document can be found on the UNFPA Executive Board website)


Annex 1. Additional information on financials and posts related to the UNFPA integrated budget revision, 2018-2021

Annex 2. Cost recovery – detailed information based on the current cost recovery methodology

Annex 3. UNFPA responses to ACABQ recommendations made in its report on the UNFPA integrated budget, 2018–2021 (DP/FPA/2017/12)

# I. The integrated budget: strategic and financial context

## A. Strategic context

1. In line with the 2030 Agenda for Sustainable Development, the UNFPA Strategic Plan, 2018-2021 (DP/FPA/2017/9) sets out the vision for transformative change in the lives of women, adolescents and youth that UNFPA seeks to bring about in the next four years. In particular, it commits to the achievement of three people-centred transformative results leading up to 2030. These include (a) an end to preventable maternal deaths; (b) an end to the unmet need for family planning, and (c) an end to gender-based violence and all harmful practices, including female genital mutilation and child, early and forced marriage. It reaffirms the strategic direction of UNFPA (represented by the "bull's eye"), as laid out in the midterm review of the Strategic Plan, 2014-2017 (DP/FPA/2016/2).

2. UNFPA has formulated development outcomes and organizational effectiveness outputs for the strategic plan as well as new resource investment choices to contribute to the achievement of the goal of the strategic plan and, ultimately, to the eradication of poverty, prioritizing of leaving no one behind and reaching the furthest behind first.

3. The integrated results and resources framework (annex I of the Strategic Plan, 2018-2021) comprises four development outcomes and four organizational effectiveness and efficiency outputs for UNFPA. The integrated budget is the financial plan to enable the organization to deliver on these results.

4. The four development outcomes are as follows:

(a) Outcome 1. Every woman, adolescent and youth everywhere, especially those furthest behind, has utilized integrated sexual and reproductive health services and exercised reproductive rights, free of coercion, discrimination and violence.

(b) Outcome 2. Every adolescent and youth, in particular adolescent girls, is empowered to have access to sexual and reproductive health and reproductive rights, in all contexts.

(c) Outcome 3. Gender equality, the empowerment of all women and girls, and reproductive rights are advanced in development and humanitarian settings.

(d) Outcome 4. Everyone, everywhere, is counted, and accounted for, in the pursuit of sustainable development.

5. The four outputs of organizational effectiveness and efficiency are as follows:

(a) Output 1. Improved programming for results;

(b) Output 2. Optimized management of resources;

(c) Output 3. Increased contribution to the United Nations system-wide results, coordination and coherence;

(d) Output 4. Enhanced communication for impact, resource mobilization and partnerships.

## B. Financial context

6. The present budget proposal includes the resources contributing to achieve the UNFPA integrated results framework, and is an integral part of the organization's strategic plan. The integrated budget resource projections cover the four-year period of the Strategic Plan, 2018-2021.

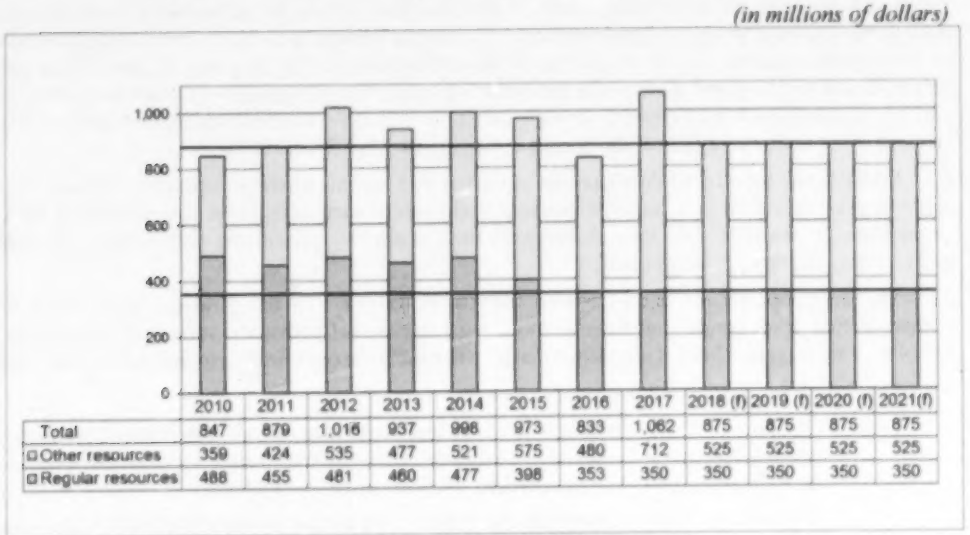
7. Over the past six years, UNFPA received a higher proportion of its income earmarked as other resources contributions. Also, the actual contribution versus the resource mobilization targets for the Strategic Plan, 2014-2017 (agreed in 2013) were subject to vulnerabilities, driven by changing and volatile economic and fiscal environment trends, and the overall reduction of officiai development assistance, among others, combined with its increasing use for humanitarian financing to address migration.

8. Based on historical trends, donor indications gathered through engagement and income-scenario analysis, at the time of preparation of the integrated budget, 2018-2021 (in early 2017), UNFPA had forecast a total of $3,400 million in contributions for 2018-2021. These contributions targets comprised of $1,400 million in regular resources and $2,000 million in other resources.

9. Given the opportunity to review the income scenario for 2018-2021, UNFPA proposes to revise the strategic plan contribution targets to an overall total of $3,500 million ($1,400 million for regular resources and $2,100 million for other resources), an increase of $100 million (2.9 per cent) for the four-year period, or $25 million per year, in other resources.

**Figure 1. Contributions, by funding category, 2010-2021**

*(in millions of dollars)*




| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 (f) | 2019 (f) | 2020 (f) | 2021(f) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | 847 | 879 | 1,016 | 937 | 998 | 973 | 833 | 1,062 | 875 | 875 | 875 | 875 |
| Other resources | 359 | 424 | 535 | 477 | 521 | 575 | 480 | 712 | 525 | 525 | 525 | 525 |
| Regular resources | 488 | 455 | 481 | 460 | 477 | 398 | 353 | 350 | 350 | 350 | 350 | 350 |

Source: For 2010-2017, annual financial statements; for 2018-2021, forecast (f).
Note: Figures for regular resources contributions exclude interest income; for 2010-2013, they reflect adjustments of refunds to staff for income tax levied by a Member State.

10. At the time when the original contribution targets for 2018-2021 were finalized (in early 2017), the 2016 results were part of the analysis. There was a sharp decline in 2016, compared to 2015, both in regular contributions – by $45 million (11 per cent) – and in other resources contributions – by $95 million (16 per cent). Challenges such as the potential loss of about $63 million annually from a key donor and the volatility of the exchange rates against the US dollar were also critical factors when the original analysis was made.

11. Currently, the proposed increase of $100 million to the overall other resources target ($25 million per year) is a result of further analysis of the contribution trends, now that the organization has a solid picture of the other resources revenue – $712 million for 2017. The contribution revenue recorded for other resources as of 30 April 2018 is already $64 million (31 per cent) more than the other resources revenue that was recorded as of 30 April 2017. In comparison with the approved four-year contribution revenue targets for the previous strategic plan cycle (2014-2017), at an average of $596 million per year, the proposed other resources targets, at $525 million per year, are conservative. The actual contribution revenue of other resources for the previous strategic plan cycle (2014-2017) averaged $572 million per year.

12. UNFPA is pleased to report that 97 per cent of the overall other resources strategic plan contribution targets for 2014-2017 – $?,365 million – was met ($2,288 million); this represents the other resources mobilized for this four-year period. Based on these exceilent results, the decision of UNFPA to increase the other resources target by 5 per cent per year, while still a cautious increase, reflects a burgeoning confidence, dedication and organizational commitment at all levels. By building effective strategic partnerships, institutionalizing a focused target setting, and optimizing all funding opportunities, including through innovative financing mechanisms, UNFPA aims to raise adequate and sustainable resources and continue an open dialogue on options that will enhance the quality of contributions to finance development results for all countries the Fund serves.

13. UNFPA is well aware that the other resources projections are difficult to predict as this involves uncertainty to the timing and duration of funding commitments, donor priorities and preferences. UNFPA will therefore seek to meet its targets in accordance with its resource mobilization strategy, the recommendations of the 2016 quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR), and the continued guidance of the Executive Board.

14. The UNFPA funding targets are ambitious; however, from a fiduciary perspective, the budget remains prudent, given the experience of the strategic plan cycle 2014-2017. UNFPA continues to prioritize regular resources and seeks to maintain a healthy balance between regular and other resources, as reiterated in General Assembly resolution 71/243 (2016) on the QCPR.

15. After taking into account estimated opening balances, interest and miscellaneous income, and adjustments for tax reimbursements, UNFPA projects that total available resources for 2018-2021 will now be $4,003.4 million; this represents an increase of $190.6 million, or 5 per cent, compared to the approved integrated budget, 2018-2021. This figure comprises projected regular resources of $1,444.6 million and other resources of $2,558.8 million.

16. Advancing the UNFPA resource mobilization strategy – introduced in 2015 (DP/FPA/2015/11) – is a corporate priority. UNFPA consistently emphasizes that the preferred contribution modality remains an unrestricted regular resources contribution – this forms the bedrock of sustainability and effective delivery on the UNFPA mandate and is increasingly important in the implementation of the 2030 Agenda. The flexibility of regular resources is the most strategic and effective modality, enabling an organizational investment in vital functions and presence, innovation for integrated and scaled-up delivery, as well as mobilization of critical complementary other resources and on communication of results.

# II. Revised integrated budget, 2018-2021

## A. Integrated resource plan

17. Table 1 below shows the revised integrated resource plan, 2018-2021 for all cost categories, including regular and other resources. The figures presented in table 1 and in all other tables are rounded to the closest decimal and thus may not add up to the decimal point. Table 1 reflects a change in the presentation of the line for programmes (A.1), which is now consolidated to include all components classified as programme. The programme components are then broken down separate in table 2.

18. The current integrated budget, 2018-2021 is based on the revised proposal contained in document DP/FPA/2017/10/Corr.1 from 6 September 2017. Following extensive consultations with Member States during 2017, UNFPA proposed to defer the establishment of the Premises Capital Plan requested by the Board of Auditors and consider it only at the next budget revision. In decision 2017/24, the Executive Board approved the revised proposal, which forms the basis for comparison with the revisions proposed in this document.

## Table 1. Integrated resource plan, 2018-2021 – revised

*(in millions of dollars)*

| 1. Resources available | Integrated budget, 2018-2021 - DP/FPA/2017/10/Corr.1 | | | | | Integrated budget, 2018-2021 (revised) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Regular resources | Other resources | | Total resources | Percentage of total | Regular resources | Other resources | | Total resources | Percentage of total |
| | | Programme | Cost recovery | | | | Programme | Cost recovery | | |
| Opening balance [a] | 0.1 | 416.4 | | 416.5 | | 48.5 | 458.8 | | 507.3 | |
| Income | | | | | | | | | | |
| Contribution-gross | 1,400.0 | 2,000.0 | - | 3,400.0 | | 1,400.0 | 2,100.0 | - | 3,500.0 | |
| Other [b] | 20.1 | - | - | 20.1 | | 19.9 | - | - | 19.9 | |
| Total income | 1,420.1 | 2,000.0 | - | 3,420.1 | | 1,419.9 | 2,100.0 | - | 3,519.9 | |
| Less tax reimbursement [c] | (23.8) | - | - | (23.8) | | (23.8) | - | - | (23.8) | |
| **Total available** | **1,396.4** | **2,416.4** | | **3,812.8** | | **1,444.6** | **2,558.8** | | **4,003.4** | |
| **2. Use of resources** | | | | | | | | | | |
| A. Development activities | | | | | | | | | | |
| A.1 Programme [d] | 830.7 | 2,194.1 | (146.8) | 2,878.0 | *80.2%* | 898.6 | 2,325.1 | (155.6) | 3,068.1 | *81.4%* |
| A.2 Development effectiveness | 141.0 | | | 141.0 | *3.9%* | 133.6 | | | 133.6 | *3.5%* |
| Total development | 971.8 | 2,194.1 | (146.8) | 3,019.0 | *84.2%* | 1,032.1 | 2,325.1 | (155.6) | 3,201.7 | *84.9%* |
| B. United Nations development coordination | 9.4 | | | 9.4 | *0.3%* | 9.4 | | | 9.4 | *0.3%* |
| C. Management activities | | | | | | | | | | |
| C.1 Recurring costs | 386.8 | 0.0 | 143.9 | 530.8 | *14.8%* | 378.4 | - | 152.5 | 530.9 | *14.1%* |
| C.2 Non-recurring costs | 4.3 | | 2.9 | 7.2 | *0.2%* | 4.1 | | 3.1 | 7.2 | *0.2%* |
| Total management | 391.1 | - | 146.8 | 538.0 | *15.0%* | 382.5 | - | 155.6 | 538.1 | *14.3%* |
| D. Special purpose | | | | | | | | | | |
| D.1 Premises capital plan | - | - | - | - | *0.0%* | - | - | - | - | *0.0%* |
| D.2 ICT transformation | 20.0 | | | 20.0 | *0.6%* | 20.0 | | | 20.0 | *0.5%* |
| Total special purpose | 20.0 | - | - | 20.0 | *0.6%* | 20.0 | - | - | 20.0 | *0.5%* |
| **Total use of resources (A+B+C+D)** | **1,392.3** | **2,194.1** | - | **3,586.4** | ***100.0%*** | **1,444.1** | **2,325.1** | - | **3,769.2** | ***100.0%*** |
| **3. Net amounts from(to) reserves [e]** | **(3.1)** | - | - | **(3.1)** | | **0.5** | - | - | **0.5** | |
| **4. Balance of resources (1-2+3)** | **1.1** | **222.3** | - | **223.4** | | **1.1** | **233.7** | - | **234.7** | |

a/ Regular resources opening balance for 2018 has been revised as per 2017 financial statements; other resources have been revised based on funds received and available for programming.

b/ Includes interest and miscellaneous income.

c/ Adjustment for tax reimbursements to staff who are nationals of one Member State.

d/ 'Other resources - Programmes' reflects total programme expenses as per financial statements; the cost recovery is offset to enable a comparison with the estimates in the budget document.

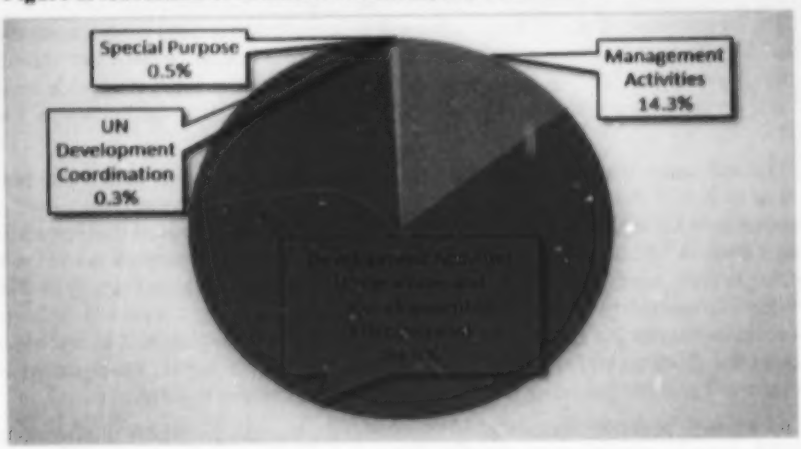
e/ Includes adjustments to the operational reserve as per financial regulations and rules and transfers from previous periods.

Note: approved 2018-2021 figures are presented based on decision 2017/24 which reflects the adjusted budget as per DP/FPA/2017/10/Corr.1

Note: Figures in this table and in other tables in this document are rounded to the closest decimal; therefore, they may not add up.

19. The proposed use of resources is illustrated in figure 2, which shows the proportion of resources allocated to cost classification categories approved by the Executive Board: development activities; management activities; special purpose activities; and United Nations development coordination activities. UNFPA continues to dedicate the majority of its resources to development activities.

**Figure 2. Allocation of available resources, 2018-2021 – revised**




20. UNFPA proposes to allocate 84.9 per cent of total available resources to development activities in the revision for 2018-2021, compared to 84.2 per cent in the approved budget. Resources available for programmes will increase, from 80.2 per cent in the approved budget, to 81.4 per cent in the revision.

21. Total available resources for 2018-2021 have been adjusted by $23.8 million for tax reimbursements to staff who are nationals of one Member State.

## B. Integrated budget components

22. The integrated budget comprises all planned resources for development outcomes and organizational effectiveness and efficiency outputs for 2018-2021. For all funding sources, programme design is aligned with the strategic plan. However, allocation mechanisms differ: for other resources, allocation is usually done in close cooperation with the respective donors and stakeholders. For regular resources, allocation mechanisms vary; these are explained below.

### *1. Programmes*

23. Programmatic interventions are delivered at country level as well as global and regional levels. In addition, the UNFPA emergency fund supports the organization's rapid response to humanitarian crises. Table 2 provides the financial summary of programme components.

**Table 2. Programme resources by component, revised 2018-2021**

*(in millions of dollars)*

| | Integrated budget, 2018-2021 - DP/FPA/2017/10/Corr.1 | | | | | Integrated budget, 2018-2021 (revised) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. Resources available | Regular resources | Other resources | | Total resources | Percentage of total | Regular resources | Other resources | | Total resources | Percentage of total |
| | | Programme | Cost recovery | | | | Programme | Cost recovery | | |
| **Summary programme** | | | | | | | | | | |
| Country programme | 656.9 | 2,194.1 | (146.8) | 2,704.1 | 75.4% | 723.6 | 2,325.1 | (155.6) | 2,893.1 | 76.5% |
| Global and regional interventions | 153.9 | - | - | 153.9 | 4.3% | 152.5 | - | - | 152.5 | 4.0% |
| Emergency fund | 20.0 | - | - | 20.0 | 0.6% | 22.5 | - | - | 22.5 | 0.6% |
| **Total programme** | **830.7** | **2,194.1** | **(146.8)** | **2,878.0** | **80.2%** | **898.6** | **2,325.1** | **(155.6)** | **3,068.1** | **81.4%** |

### a) *Country programmes*

24. The largest share of UNFPA resources will be allocated to country programmes for the attainment of four development outcomes. These resources will continue to be allocated through the resource allocation system (RAS). The Strategic Plan, 2018-2021 and its annex 4 provide an overview of the RAS and its alignment with the organization's strategic direction ("the bull's eye") and its business model.

25. The indicators that determine resource allocations through the RAS have been updated and reviewed as part of the strategic plan to ensure they are in line with the "bull's eye" and support the achievement of the results set out in the integrated results and resources framework (annex 1 of the Strategic Plan, 2018-2021). A system of relative weights of RAS indicators is used to group countries according to their 'needs' and 'ability to finance' (annex 4 of the Strategic Plan, 2018-2021). To measure the ability of a country to finance its development needs, the strategic plan will use inequality-adjusted gross national income per capita, factoring in health access quality as well as income inequality. This addresses the shortcomings of using gross national income per capita, which masks inequalities and variations within countries, as an indicator for measuring "ability to finance".

26. As a result, countries are grouped into quadrants, to enable UNFPA to provide tailored support and achieve greater impact. The Strategic Plan, 2018-2021 annex 4 contains a list of countries by quadrant.

27. The modes of engagement are interlinked, and may be applied in various combinations to provide tailored solutions to meet national needs. UNFPA may deploy all five modes of engagement for countries in the red quadrant and in countries with humanitarian crises, which have the highest or most urgent needs. For countries in the orange, yellow and pink quadrants, UNFPA focuses on upstream work; in these countries, service delivery may be undertaken only under special circumstances, tailored to meet the specific needs and priorities of those countries, as illustrated in the annex 4 of the Strategic Plan, 2018-2021. This is consistent with the QCPR. This approach responds to the requests of Member States for greater support in technical cooperation, policy and advocacy. Table 3 below summarizes the use of the modes of engagements per colour quadrant.

**Table 3. Modes of engagement by setting**

| Modes of engagement | Countries in the red quadrant and countries with humanitarian crises | Countries in the orange quadrant | Countries in the yellow quadrant | Countries in the pink quadrant |
|---|---|---|---|---|
| Service delivery | | Not deployed | | |
| Capacity development | | *** | ** | * |
| Partnerships and coordination, including South-South and triangular cooperation | | | | |
| Knowledge management | | | | |
| Advocacy, policy dialogue and advice | | | | |

*** *Focus is on an enabling environment, and on institutional and individual levels.*

** *Focus is on an enabling environment and on institutional levels.*

* *Focus is on an enabling environment.*

28. Given the voluntary nature of the organization's funding and the characteristics of country programmes in terms of national ownership, the aggregate resources assigned to country programmes are indicative. A resource framework for country programmes will continue to be submitted to the Executive Board for approval.

29. Any additional income raised above the targets set in this integrated budget will be available for country programmes.

### b) *Global and regional interventions*

30. The Strategic Plan, 2018-2021 will also be operationalized through global and regional interventions, as laid out in one global and six regional action plans (for details, see Strategic Plan, 2018-2021, annex 6 on global and regional interventions). The direction set for these global and regional interventions will enable a greater programmatic focus on the specific priorities and needs of countries at regional and global levels.

31. Global and regional interventions were developed concurrently with the strategic plan and the integrated budget to ensure the alignment and coherence of the specific contributions to the outcomes and outputs of the Strategic Plan, 2018-2021. The consultative budgeting process was based on a bottom-up approach tailored to the priorities of each action plan, so that the results and associated resources are established at the onset of the programme design.

32. Following the comprehensive resources review, the global and regional interventions ceiling has been slightly reduced, now proposed at $152.5 million for 2018-2021, down from the original $153.9 million approved for 2018-2021.

33. The global and regional intervention ceiling cannot be exceeded without the approval by the Executive Board.

### c) *UNFPA emergency fund and humanitarian response reserve*

34. In its decision 2015/3, the Executive Board set the maximum annual allocation to the UNFPA emergency fund at $10 million from regular resources; it also approved a one-time allocation of $10 million of regular resources for the establishment of a humanitarian response reserve.

35. These allocations aim to facilitate and strengthen the organization's rapid response capability in humanitarian crises. The emergency fund is not intended to become a primary vehicle to finance humanitarian response, but plays an important role in providing catalytic funding, which also often increases the organization's capacity to generate additional resources.

36. In decision 2017/24, the Board approved an annual allocation of $5 million of regular resources for the emergency fund and the humanitarian response reserve, noting the maximum allocation set in decision 2015/3. Since then, as additional regular resources became available towards the end of 2017, UNFPA was able to increase the 2018 allocation to the emergency fund to $7.5 million. The present revision includes this increase and reflects a revised emergency fund totalling $22.5 million, compared to the $20 million originally planned.

37. At the end of 2017, UNFPA was also able to partially fund the humanitarian response reserve with an initial one-time allocation of $5 million.

## 2. *Institutional budget*

38. Besides the programme resources discussed above, the integrated resource plan includes the cost categories that form the institutional budget: development effectiveness, management (recurring and non-recurring), special purpose, and United Nations development coordination. These elements are approved by the Executive Board as a nominal appropriation which cannot be exceeded without the approval by the Executive Board

39. The institutional budget is a foundation of the organization, and reflects the commitment of UNFPA to maintain a universal presence, given its mandate and normative agenda, as well as its advocacy efforts at global, regional and country levels. Over half of the institutional budget is allocated to UNFPA country and regional offices.

**Table 4. Institutional budget, 2018-2021 – revised**

*(in millions of dollars)*

| 1. Resources available | Integrated budget, 2018-2021 - DP/FPA/2017/10/Corr.1 | | | | | Integrated budget, 2018-2021 (revised) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Regular resources | Other resources | | Total resources | Percentage of total | Regular resources | Other resources | | Total resources | Percentage of total |
| | | Programme | Cost recovery | | | | Programme | Cost recovery | | |
| Summary institutional budget | | | | | | | | | | |
| A. Development effectiveness | 141.0 | - | - | 141.0 | *3.9%* | 133.6 | - | - | 133.6 | *3.5%* |
| B. United Nations development coordination | 9.4 | - | - | 9.4 | *0.3%* | 9.4 | - | - | 9.4 | *0.3%* |
| C.1 Management recurring costs | 386.8 | - | 143.9 | 530.8 | *14.8%* | 378.4 | - | 152.5 | 530.9 | *14.1%* |
| C.2 Management non-recurring costs | 4.3 | - | 2.9 | 7.2 | *0.2%* | 4.1 | - | 3.1 | 7.2 | *0.2%* |
| D.1 Special purpose - Premises capital plan | - | - | - | - | *0.0%* | - | - | - | - | *0.0%* |
| D.2 Special purpose - ICT transformation | 20.0 | - | - | 20.0 | *0.6%* | 20.0 | - | - | 20.0 | *0.5%* |
| Total | **561.5** | - | **146.8** | **708.4** | ***19.8%*** | **545.5** | - | **155.6** | **701.1** | ***18.6%*** |

40. The revised institutional budget is now proposed at $701.1 million, $7.3 million lower than the originally approved budget for 2018-2021 ($708.4 million). This reflects the results of the comprehensive resource review UNFPA undertook to: (a) ensure a closer alignment between expected income for 2018-2021 with the budget for the same period; (b) review and recommend needed functions in the organization and relations among business units; and (c) ensure necessary staff skills to successfully implement the Strategic Plan, 2018-2021. UNFPA has held extensive consultations with the Executive Board throughout the process.

41. The proposed institutional budget decrease is mainly driven by the savings identified in the comprehensive resources review, primarily in headquarters, mindful that the comprehensive resources review was distinct from any previous austerity measures. Furthermore, country office realignments and regional office adjustments contribute to the reduced institutional budget. Further details are below (in Section D, paragraphs 57 to 64).

42. The proposed reductions are partially offset by investments in three key areas: (a) strengthened field offices; (b) strengthened protection against sexual exploitation and abuse (PSEA) coordination; and (c) a strengthened investigations function (discussed in Section D, paragraphs 66 to 69).

43. As a relative share of the total use of resources, the institutional budget will decrease from 19.8 per cent to 18.6 per cent. The proportionate share of recurring management costs to the total use of resources is 14.1 per cent, down from the 14.8 per cent originally planned for 2018-2021.

## C. Integrated results and resources framework

44. The integrated results and resources framework, 2018-2021 reflects the four development outcomes and four organizational effectiveness and efficiency outputs of the UNFPA Strategic Plan, 2018-2021. The integrated results and resources framework contained in the strategic plan continues to be the overarching results framework for UNFPA.

45. Certainly, the link between results and resources is – as in any conceptual framework – a simplified version of a complex reality. Accountability for the results in the integrated results and resources framework does not lie solely with the units or programmes whose resources are linked to those results. For example, for organizational effectiveness and efficiency outputs, the accountability for achieving the outputs is shared across organizational units or functional clusters, as outputs reflect corporate priorities to which multiple units must contribute. Similarly, the achievement of development outcomes is the effect of a concerted effort that involves various stakeholders.

46. The link between results and resources was developed based on the harmonized results-based budgeting framework for the institutional budget (as approved in Executive Board decision 2011/10) and the analysis of actual expenditure trends for programme resources.

47. Table 5 below shows the high-level allocation of resources to results (allocations are indicative).

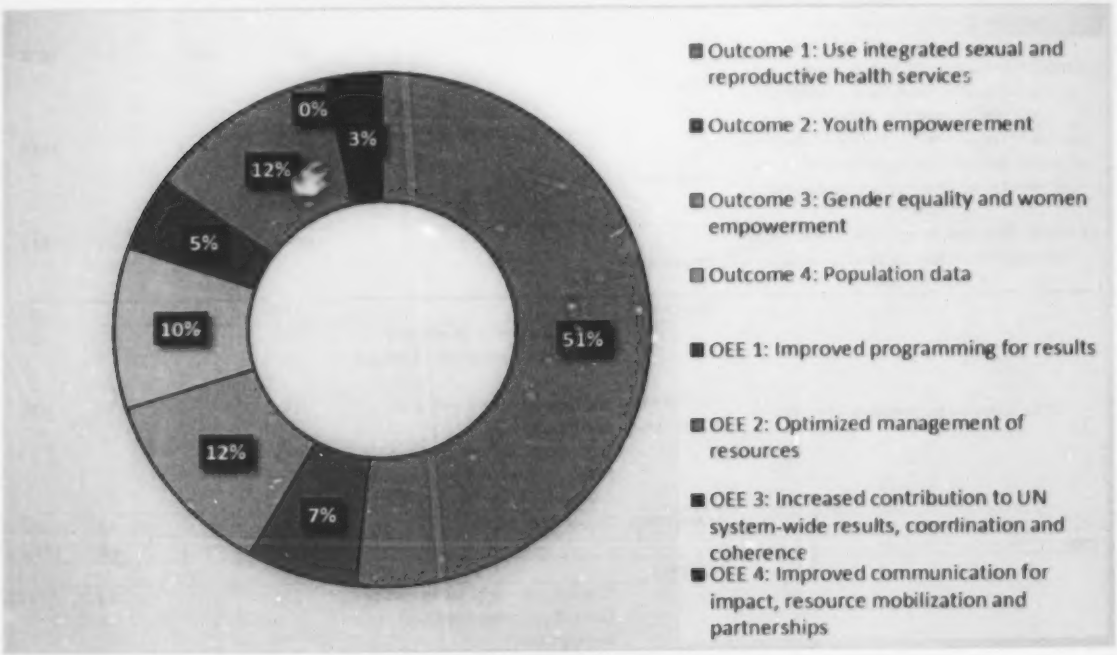
## Table 5. Integrated results and resources framework, 2018-2021 (indicative) – revised

*(in millions of dollars)*

| Outcome / Output | Cost classification | Functional cluster | Integrated budget, 2018-2021 (revised) | | | |
|---|---|---|---|---|---|---|
| | | | Regular resources | Other resources | Cost recovery | Total |
| Outcome 1: Every woman, adolescent and youth everywhere, especially those furthest behind, has utilized integrated sexual and reproductive health services and exercised reproductive rights, free of coercion, discrimination and violence | Programme | | **453.7** | **1,491.2** | - | **1,944.9** |
| Outcome 2: Every adolescent and youth, in particular adolescent girls, is empowered to have access to sexual and reproductive health and reproductive rights, in all contexts | Programme | | **109.5** | **140.3** | - | **249.8** |
| Outcome 3: Gender equality, the empowerment of all women and girls, and reproductive rights are advanced in development and humanitarian settings | Programme | | **103.3** | **340.7** | - | **443.9** |
| Outcome 4: Everyone, everywhere, is counted, and accounted for, in the pursuit of sustainable development | Programme | | **199.4** | **183.7** | - | **383.1** |
| OEE1: Improved programming for results | Programme | | 17.7 | 10.3 | - | 28.0 |
| | Development effectiveness | Technical expertise for effective response to development challenges | 10.0 | - | - | 10.0 |
| | | Programme planning, policy and management support | 118.6 | - | - | 118.6 |
| | | Procurement and quality-assured supply base for reproductive health commodities | 4.9 | - | - | 4.9 |
| | Management | Corporate evaluation | 8.0 | - | 4.8 | 12.7 |
| **Total** | | | **159.2** | **10.3** | **4.8** | **174.3** |
| OEE2: Optimized management of resources | Programme | | 3.1 | 0.4 | - | 3.4 |
| | Management (recurrent costs) | Corporate oversight and assurance (internal and external audit and investigations) | 22.3 | - | 12.1 | 34.5 |
| | | Corporate financial information and communication technology and administrative management | 43.1 | - | 25.2 | 68.3 |
| | | Field office oversight, management and operations support | 210.5 | - | 71.7 | 282.2 |
| | | Staff and premises security | 2.8 | - | 0.8 | 3.6 |
| | | Corporate human resources management | 15.0 | - | 6.4 | 21.5 |
| | Management (non-recurrent costs) | | 4.1 | - | 3.1 | 7.2 |
| | Special purpose - ICT transformation | | 20.0 | - | - | 20.0 |
| | Special purpose - premises capital plan | | - | - | - | - |
| **Total** | | | **320.8** | **0.4** | **119.4** | **440.6** |
| OEE3: Increased contribution to the United Nations system-wide results, coordination and coherence | Programme | | 1.4 | 0.0 | - | 1.4 |
| | United Nations development coordination | | 9.4 | - | - | 9.4 |
| **Total** | | | **10.8** | **0.0** | - | **10.8** |
| OEE4: Enhanced communication for impact, resource mobilization and strategic partnerships | Programme | | 5.6 | 2.9 | - | 8.5 |
| | Management (recurrent costs) | Leadership and corporate direction | 21.3 | - | 7.5 | 28.8 |
| | | Corporate external relations and partnerships, communications and resource mobilization | 55.4 | - | 23.9 | 79.3 |
| **Total** | | | **82.3** | **2.9** | **31.4** | **116.6** |
| **Total** | | | **1,444.1** | **2,169.5** | **155.6** | **3,769.2** |

48. Figure 3 below reflects the organization's commitment to channel the large majority of its total resources to development outcomes (81 per cent of total). Approximately 52 per cent of total resources are devoted squarely to outcome 1, reflecting the continued focus on the "bull's eye", the strategic direction reaffirmed in the UNFPA Strategic Plan, 2018-2021.

**Figure 3. Indicative allocations by outcomes and outputs, 2018-2021 – revised**


0%
3%
12%
5%
10%
51%
12%
7%
Outcome 1: Use integrated sexual and reproductive health services
Outcome 2: Youth empowerement
Outcome 3: Gender equality and women empowerment
Outcome 4: Population data
OEE 1: Improved programming for results
OEE 2: Optimized management of resources
OEE 3: Increased contribution to UN system-wide results, coordination and coherence
OEE 4: Improved communication for impact, resource mobilization and partnerships

49. The indicative allocation of resources to the four development outcome and organizational efficiency and effectiveness outputs is aligned with the priorities of the Strategic Plan, 2018-2021, and reflects the results that UNFPA seeks to achieve during 2018-2021. The details are captured in the strategic plan, the theory of change, and the accompanying targets in the integrated results and resources framework; however, a few elements are important to highlight.

50. The resource estimates reflect the different settings in which the organization works, based on the business model. Countries in the red quadrant have the highest needs related to sexual and reproductive health, and are projected to spend more of their programme resources on outcome 1 (focusing on sexual and reproductive health). Conversely, countries in the pink quadrant have relatively lower sexual and reproductive health needs but will still spend a considerable portion of their resources on outcome 1; however, because most are middle-income countries, they may spend proportionally more on outcomes 3 and 4, as they have more significant needs relating to, for example, emerging population issues.

51. Based on this methodology, it is estimated that the resources allocated to the four outcomes in the integrated results and resources framework will receive the following proportional share of overall programme resources:

(a) Outcome 1 (integrated sexual and reproductive health services): 64.3 per cent;

(b) Outcome 2 (adolescents and youth): 8.3 per cent;

(c) Outcome 3 (gender equality and women's empowerment): 14.8 per cent;

(d) Outcome 4 (population and development): 12.7 per cent.

52. Several important elements influence the interpretation of these numbers. First, the integrated results and resources framework has been designed as an integrated approach to deliver upon the bull's eye; the outcomes are not distinct but interrelated. This particularly affects outcome 2, as resources directed at adolescents and youth programming are contained in each of the four outcomes, not solely in outcome 2. For example, UNFPA support in the delivery of sexual and reproductive health services for adolescents and youth is contained in outcome 1 (reflecting an integration of these services with broader sexual and reproductive health services) rather than in outcome 2.

53. Secondly, the programme strategies for the different outcomes vary, based on both the setting and the nature of the work. For example, work on outcome 3 often takes the form of advocacy and policy dialogue, whereas work on outcome 1 employs a full spectrum of strategies, ranging from advocacy and policy dialogue/advice to knowledge management, capacity development, and, in some circumstances, service delivery.

54. Thirdly, these are global estimates, informed by current priorities in the ongoing country programmes, rather than precise amounts that each country is expected to spend on each outcome. The amounts that each country spends on each outcome will be determined by dialogue at the national level, and approved separately by the Executive Board. Therefore, the allocations of resources to development outcomes must be seen as indicative only.

55. Finally, these are not fully costed estimates of what is necessary to achieve each outcome. The attainment of results at the outcome level involves the participation of many other actors – particularly national Governments – besides UNFPA. The figures in table 2 represent estimates of the UNFPA contribution towards the achievement of these results, rather than the sum total necessary to reach the targets.

56. Another way to look at the allocation of resources is by using the quadrants from the business model. Countries in the red quadrant have the greatest needs and the lowest abilities to finance their own responses, and so they receive the largest share of resources. Table 6 below shows the share of resources, based on quadrant, countries will receive during 2018-2021. The modes of engagement and the associated regular resources allocation system for country programmes are elaborated in detail in the annex 4 to the UNFPA Strategic Plan, 2018-2021.

**Table 6. Resource allocation by quadrant**

| | Countries in the orange quadrant | Countries in the yellow quadrant | Countries in the pink quadrant |
|---|---|---|---|
| 56-60 per cent | 14-18 per cent | 7-11 per cent | 15-17 per cent |

## D. Summary of increases and decreases in the institutional budget

57. The proposed revision of the UNFPA integrated budget, 2018-2021 responds to Executive Board decision 2017/24, requesting UNFPA to revise the approved integrated budget, 2018-2021 based on the results of the comprehensive resources review, in order to increase efficiency and improve the balance between the institutional budget and programmes, in light of the overall decrease in expected resources. As a result, the changes contained in the present document focus on changes to the institutional budget.

58. For the revision of the institutional budget, UNFPA used the same costing assumptions as for the original budget, to enable easier comparison with the proposed changes. Table 7 below summarizes the changes for the revised institutional budget, 2018-2021.

**Table 7. Summary of changes, revised institutional budget 2018-2021**

*(in millions of dollars)*

| | | Total | % increase / |
|---|---|---|---|
| I. | **2018-2021 institutional budget (approved)** | **708.4** | |
| II. a. | **Decreases** | | |
| | (i) Comprehensive resorce review - headquarters | (11.5) | -1.6% |
| | (ii) Country office realignments | (2.3) | -0.3% |
| | (iii) Regional office adjustments | (0.4) | -0.1% |
| | **Total decreases** | **(14.2)** | **-2.0%** |
| II. b. | **Increases** | | |
| | (i) Strengthened field offices | 3.7 | 0.5% |
| | (ii) Strengthened PSEA coordination | 1.4 | 0.2% |
| | (iii) Strengthened investigations function | 1.3 | 0.2% |
| | (iv) Comprehensive resorce review - field offices | 0.5 | 0.1% |
| | **Total increases** | **6.9** | **1.0%** |
| III. | **Net volume increases/(decreases) (II.a + II.b.)** | **(7.3)** | **-1.0%** |
| IV. | **Total 2018-2021 institutional budget (revised)** | **701.1** | |
| V. | **Estimated income to the institutional budget** | **(155.6)** | |
| VI. | **2018-2021 net institutional budget (IV + V)** | **545.5** | |

*a)* ***Rebalancing the institutional budget – proposed decreases***

*Comprehensive resources review (net reduction $11 million)*

59. The UNFPA Executive Director established a change management process in order to equip UNFPA to implement the Strategic Plan, 2018-2021, to contribute to the achievement of the Sustainable Development Goals and to respond to the Secretary-General's reform proposals. The comprehensive change management is grounded in the evaluation of the architecture supporting the operationalization of the UNFPA Strategic Plan, 2014-2017, and the management response to the evaluation.

60. The change management process was designed to advance and align a number of ongoing initiatives, including the comprehensive resources review, the country office realignments, the information and communications technologies transformation, the strategic plan roll-out and implementation, the new resource mobilization architecture, including the structured funding dialogue, and UNFPA engagement in the United Nations reform process.

61. The comprehensive resources review, as an integral part of the change management process, aimed to ensure optimal alignment between the strategic plan, resource allocation and organizational structures for improved programmatic and operational efficiency and effectiveness, at headquarters, regional and country levels. While not a cost-cutting initiative, the review focused on headquarters business units to improve efficiencies, cohesiveness and synergies to jointly respond to countries' needs. This resulted in a reduction in the number of positions in headquarters and a merger of some business units to better respond to regional and country office needs.

62. The comprehensive resources review led to a net reduction of 25 institutional budget positions at headquarters (-$11.5 million); this reduction is partially offset by changes in the regional level (net additional 1 post, $0.5 million). Thus the net effect of the comprehensive resources review is a proposed institutional budget reduction of $11 million.

*Country office realignments (net reduction $2.3 million)*

63. A number of country offices structures have been realigned to ensure staff have the necessary skills and the office a basic management and operations structure, fit for purpose, to respond to the new country programme or changes at the middle of the programme cycle, aligned with the strategic plan and with colour quadrant classification (red, orange, yellow, pink) as per the strategic plan modes of engagement. The net reduction of $2.3 million consists of a net abolishment of three international professional posts (-$2.5 million) and net abolishment of 2 posts in other categories (-$0.7 million); this is partially offset with changes in duty stations, funding sources and post reclassifications ($0.9 million, net reduction of 4 posts in other categories).

*Regional office adjustments (net reduction $0.4 million)*

64. At the regional level, minor adjustments are proposed in categories and grades of posts, with a net abolishment of one post in other categories (-$0.4 million).

***b) Investments in the organization – proposed increases***

65. In response to the Executive Board requests, UNFPA proposes three distinct investments that will increase the institutional budget:

*Strengthened field offices ($3.7 million)*

66. UNFPA continues to invest in its country office presence, and proposes additional strengthening of country offices, in the amount of $3.7 million, which includes net three new international professional posts ($2 million), reconfiguration in other posts, as well as duty station changes and reclassifications ($0.9 million) and the operational costs to establish a full-fledged office in Libya ($0.8 million).

*Strengthened coordination in protection against sexual exploitation and abuse ($1.4 million)*

67. UNFPA activities in protection against sexual exploitation and abuse continue to be paramount to protect the most vulnerable beneficiaries, to maintain the trust of the communities served by UNFPA, and to uphold the reputation of the Fund. Given the high level of commitment of the Secretary General and of the UNFPA Executive Director to this important issue, as well as the multiple coordinating mechanisms on these reform efforts, there is an acute need for a central focal point for PSEA at UNFPA, placed under the leadership of Deputy Executive Director (Management).

68. One international professional post and associated operational costs are proposed for the function, which will be a focal point for representation, policy, programme development and training related to PSEA issues. The role will entail internal coordination, support to country and regional offices, as well as inter-agency coordination on PSEA. The post will also liaise, as appropriate, with Office of Audit and Investigation Services (OAIS), given its role in reporting and investigating sexual exploitation and abuse allegations.

*Strengthened investigations functions ($1.3 million)*

69. As a continuing effort to provide additional funding to independent oversight functions, UNFPA proposes further strengthening of the investigations function, to address the increased demand for such services. OAIS is facing a higher increase in new cases in 2017 than originally foreseen. The typology of cases is wide, covering all internal and external cases; it also evinces a wide scope (fraud, sexual exploitation and abuse, harassment including sexual harassment and abuse of authority). To cope with the increased workload, UNFPA proposes strengthening OAIS with two additional international posts and their associated operational costs for two years. The proposal will be reassessed (to determine the continued need) at the midterm review of the integrated budget.

*Premises Capital Plan*

70. As outlined above, the approved institutional budget, 2018-2021 excludes the provision for the Premises Capital Plan, as its proposed establishment was deferred (DP/FPA/2017/10/Corr.1).

71. While UNFPA is able to continue with the existing Reserve for Field Accommodation arrangement for field offices, the Reserve currently does not allow its use for headquarters premises investments, including basic maintenance. Thus, given the continued deferral of the establishment of the Premises Capital Plan, UNFPA proposes to extend the use of the existing Reserve for Field Accommodation for headquarters premises. This would enable a planned preventive maintenance programme to ensure that

the condition of the headquarters premises to be maintained at a reasonable standard, and allow for the necessary capital improvements until the Premises Capital Plan is established.

*United Nations development system coordination*

72. The approved resources for 2018-2021 amount to $9.4 million and constitute the UNFPA share of the contributions to the resident coordinator system, as per currently agreed cost-sharing formula and the estimate provided by the United Nations Development Operations Coordination Office.

73. UNFPA is fully committed to the ambitious reform agenda set by the United Nations Secretary-General and the Member States, and has been an active contributor from the start. UNFPA welcomes the recently adopted General Assembly resolution (72/279) on the repositioning of the United Nations development system, within the context of the QCPR. The resolution will have budgetary implications for all United Nations development system entities, including UNFPA. The exact impact will only be known once the Secretary General's implementation plan for the roll-out of the resident coordinator system is approved. Therefore, the present integrated budget revision does not include additional provisions, as they are not known at this time. UNFPA will present the financial impact on the budget in coordination with the other United Nations funds and programmes that share a harmonized budget format and content.

### *c) Summary of post changes*

74. Table 8 below provides an overview of proposed post changes for 2018-2021. UNFPA proposes a net reduction of 28 posts, 6 in the field and 22 at headquarters.

**Table 8. Summary of post changes, revised institutional budget, 2018-2021**

| | 2018-2021 approved posts | | | | | | | Changes: increase and (decrease) | | | | | | 2018-2021 Revision | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | USG / ASG | D2 | D1 | Other IP | All other | Total | % of total | USG / ASG | D2 | D1 | Other IP | All other | Total | USG / ASG | D2 | D1 | Other IP | All other | Total | % of total |
| Field | | 6.0 | 44.0 | 177.0 | 536.0 | 763.0 | 70.1% | | | | (1.0) | (5.0) | (6.0) | | 6.0 | 44.0 | 176.0 | 531.0 | 757.0 | 71.4% |
| Headquarters | 3.0 | 7.0 | 27.0 | 181.5 | 107.0 | 325.5 | 29.9% | | 1.0 | (3.0) | (11.0) | (9.0) | (22.0) | 3.0 | 8.0 | 24.0 | 170.5 | 98.0 | 303.5 | 28.6% |
| Total | 3.0 | 13.0 | 71.0 | 358.5 | 643.0 | 1,088.5 | 100.0% | | 1.0 | (3.0) | (12.0) | (14.0) | (28.0) | 3.0 | 14.0 | 68.0 | 346.5 | 629.0 | 1,060.5 | 100.0% |

Note: IP= international professional

75. In the field offices, a net reduction of 6 posts stems from:

(a) 10 posts less as a result of country office realignments and regional office adjustments (3 'other international professional' and 7 'all other');

(b) 3 additional 'other international professional' positions as a result of strengthened field offices;

(c) 1 net additional post as a result of comprehensive resources review (1 net reduction of 'other international professional' posts and 2 additional 'all other' posts);

76. At headquarters, the bulk of the proposed post changes is due to the reductions stemming from the comprehensive resources review (net reduction 25 posts):

(a) 1 upgrade from D1 to D2; one downgrade from D1 to 'other international professional' posts; and 1 D1 post abolished; total impact is 1 additional D2 and a reduction of 3 D1 positions;

(b) In the 'other international professional' posts, besides one increase resulting from the downgrade mentioned above, there are net 2 new and 17 abolished posts; total impact is a net reduction of 14 'other international professional' posts;

(c) In the 'other' post category, there are 2 new posts, offset by 10 abolished and 1 post moving to other funding sources; total impact is a net reduction of 9 'others' posts.

77. Partially offsetting the above reductions, the proposed strengthening of PSEA coordination and the investigations function result in 3 new 'other international professional' posts in headquarters.

### E. Cost recovery

78. The present document includes the estimated amounts of cost recovery for 2018-2021 based on the currently approved methodology (Executive Board decision 2013/9). Annex 2 presents detailed information based on the current cost recovery methodology, as it pertains to the revised integrated budget, 2018-2021. UNFPA will implement any changes in the approved cost recovery methodology in coordination with the other United Nations funds and programmes that share a harmonized cost recovery model.

## III. Elements of a decision

79. The Executive Board may wish to:

(a) *Welcome* the revised UNFPA integrated budget, 2018-2021 (DP/FPA/2018/8), in response to decision 2017/4, and aligned with the approved UNFPA Strategic Plan, 2018-2021 (DP/FPA/2017/9);

(b) *Welcome* the improved results focus and the enhanced linkages with the strategic plan results and harmonized methodology and presentation, including cost classification, attribution and recovery;

(c) *Take note* of the results and resource requirements in the UNFPA integrated budget estimates for 2018-2021, including linkages of results and resources, as contained in document DP/FPA/2018/8;

(d) *Approve* the presentation of activities and associated costs reflected in document DP/FPA/2018/8;

(e) *Approve* gross resources in the amount of $701.1 million, representing the revised institutional budget estimates for 2018-2021, noting that these estimates include an amount of $155.6 million for indirect cost recovery from other resources;

(f) *Authorize* $152.5 million of the projected regular resources, as a revised ceiling for global and regional interventions for 2018-2021, noting that this amount cannot be exceeded without approval by the Executive Board;

(g) *Recall* Executive Board decision 2015/3, *approve* a revised amount of $22.5 million of regular resources for the UNFPA emergency fund, and *reaffirm* the existing authorization for the UNFPA Executive Director to increase the emergency fund by up to $2 million beyond the ceiling in a given year if the number and extent of the emergencies so warrant;

(h) *Endorse* the proposal of the UNFPA Executive Director, similar to decisions 2008/6, 2012/13, 2013/32 and 2017/24, *decide* to grant exceptional authority during 2018-2021 to access up to an additional $5.4 million in regular resources for security measures, provided these are used for new and emerging security mandates, as defined by the directives of the United Nations Department of Safety and Security, and *request* UNFPA to report to the Executive Board on the use of those funds in its annual statistical and financial review.

(i) *Endorse* the proposal of the UNFPA Executive Director, and *approve* the use of the existing Reserve for Field Accommodation for headquarters premises, until the establishment of the Premises Capital Plan.